

Message Text

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C O N F I D E N T I A L PARIS 12535

STADIS////////////////////////////////

FOR ASSISTANT SECRETARY KATZ FROM AMBASSADOR HARTMAN

E.O. 11652 GDS
TAGS: EGEN, ETRD, EINV, FR
SUBJ: RENAULT/AMERICAN MOTORS CORPORATION AGREEMENT

1. ON APRIL 14 THE PRESIDENT OF RENAULT, BERNARD VERNIER-PALLIEZ, BRIEFED ME ON THE COOPERATIVE ARRANGEMENT THAT RENAULT AND AMERICAN MOTORS ARE PLANNING. THE PARTIES HAVE SIGNED A LETTER OF INTENT AND ARE NOW IN THE PROCESS OF NEGOTIATING AN AGREEMENT, WHICH WOULD PROVIDE, INTERALIA, FOR DISTRIBUTION IN THE US AND CANADA THROUGH AMC DEALERS OF RENAULT'S "LE CAR", DISTRIBUTION IN FRANCE BY RENAULT OF THE AMC JEEP, AND THE ASSEMBLY OF THE NEW RENAULT 18 BY AMC PLANTS BEGINNING IN 1980. VERNIER-PALLIEZ IS FIRMLY COMMITTED TO THIS PLAN AND WILL WORK ACTIVELY TO SEE IT THROUQH TO FRUITION. HE CONTINUALLY STRESSED THAT IT WOULD BE BENEFICIAL TO BOTH BARTIES, IMPROVING EARNINGS, INCREASING EMPLOYMENT, ETC.

2. DURING THE FIRST WEEK OF MAV VERNIER-PALLIEZ WILL VISIT THE US AND HIS OFFICE IS ARRANGING APPOINTMENTS WITH SENATORS PROXMIRE AND ASPIN, UAW LEADERS, RENAULT'S
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LAWYERS (CROMWELL AND SULLIVAN) AND BANKERS,(LAZARD FRERES). HE ALSO WANTS TO SEE, AND HAS ASKED FOR OUR ASSISTANCE IN ARRANGING APPOINTMENTS, SECRETARIES BLUMENTHAL AND KREPS, AMBASSADOR STRAUSS, AND AT MY SUGGESTION, ASSISTANT SECRETARY KATZ.

3. FYI. VERNIER-PALLIEZ'S MAIN CONCERN IS THAT THE

US BANKS WHICH HOLD AMC DEBT(MAINLY CHASE) MIGHT RESIST OR UNDERCUT THE PROPOSED AGREEMENT. APPARENTLY RENAULT CANNOT PROVIDE ANY FINANCIAL ASSISTANCE TO AMC UNTIL 1980; RENAULT HOPES THE BANKS WILL CONTINUE TO PROVIDE FUNDS TO AMC DURING THIS INTERIM PERIOD AND NOT PULL THE FINANCIAL RUG OUT FROM UNDER. END FYI.

4. COMMENT. I WOULD APPRECIATE YOUR SEEING VERNIER-PALLIEZ AND AN INDICATION TO THE FRENCH EMBASSY OR RENAULT REPRESENTATIVE THAT YOU SUPPORT THEIR REQUESTS FOR APPOINTMENTS ELSEWHERE IN THE GOVERNMENT. THE RENAULT-AMC "AGREEMENT TO AGREE" IS STILL FRAGILE, BUT IF CONCLUDED COULD BE OF SUBSTANTIAL BENEFIT TO BOTH PARTIES, AND A SIGNIFICANT POSITIVE DEVELOPMENT IN US-FRENCH COMMERCIAL AND INDUSTRIAL RELATIONS. HARTMAN

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